

To the Members of the California State Senate:

I am returning Senate Bill 981 without my signature.

This bill does not solve the problem facing California patients and only serves to highlight one of the many reasons I introduced my comprehensive health care reform proposal. Californians are paying a hidden tax on their health care which subsidizes care for the uninsured and allows providers to shift costs when they are not fully reimbursed by their payers. The insured population bears the brunt of this hidden tax and the larger it gets, fewer people are able to afford coverage.

This bill, in essence, asks for California to embrace this cost-shift, reward non-contracting physicians by assuring their continued financial slice of the pie, and allow the status quo to continue. I cannot agree to a measure that is a piecemeal approach to our broken health care system.

Our health care system relies on physicians, hospitals and health plans to work together. The patient that pays health insurance premiums should not be part of a payment dispute between these sophisticated market players. It is unfortunate that this bill takes sides in the dispute within the health care industry instead of taking the side of patients.

Until the Legislature can send me legislation that removes that patient from all disputes involving these parties, I direct my Department of Managed Health Care to aggressively continue in its efforts to identify unfair payment practices and keep patients from being caught in the middle.

Sincerely,

Arnold Schwarzenegger